NMSDC®

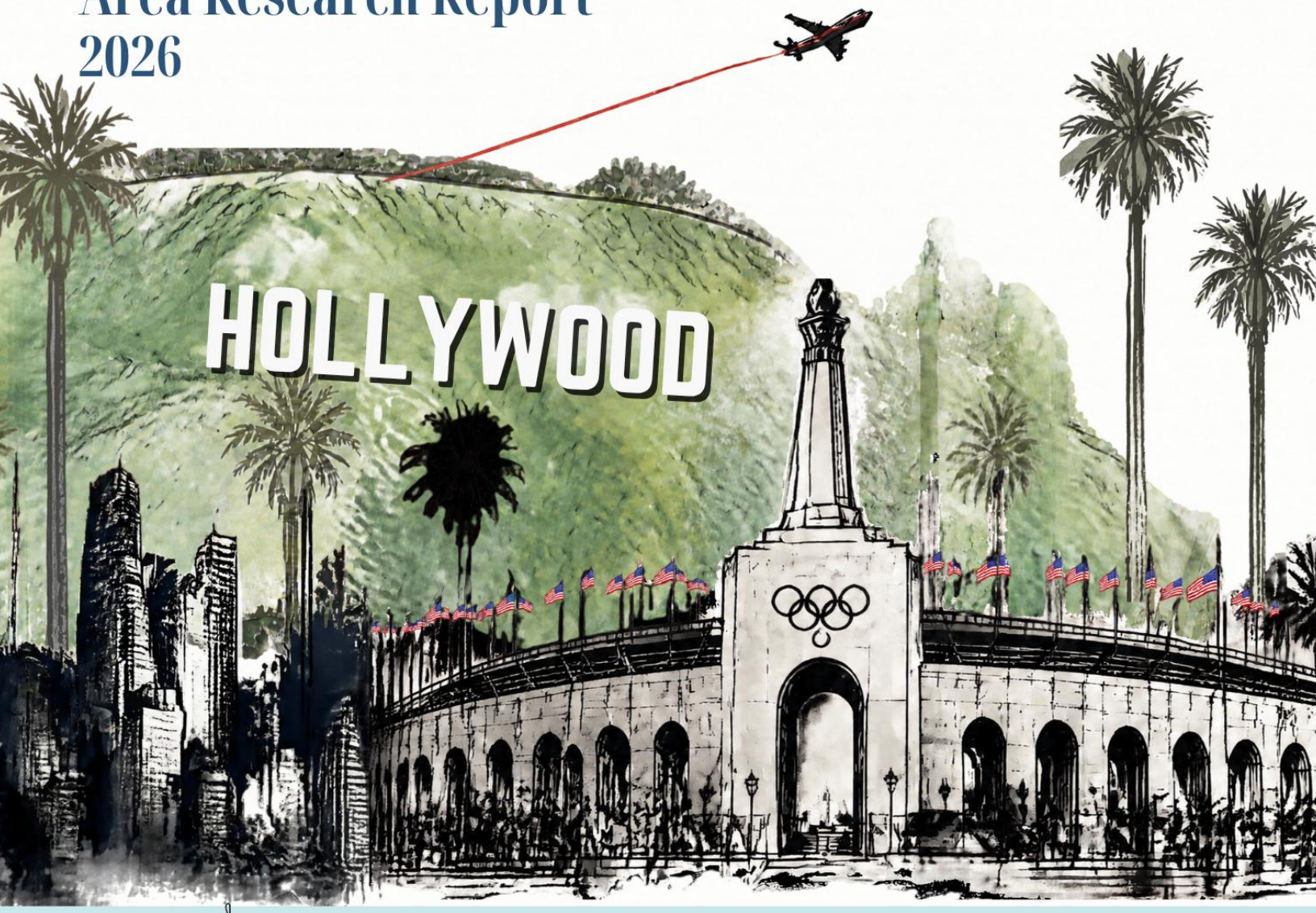
Southern California Minority Supplier Development Council

FIU Steven J. Green School of International & Public Affairs

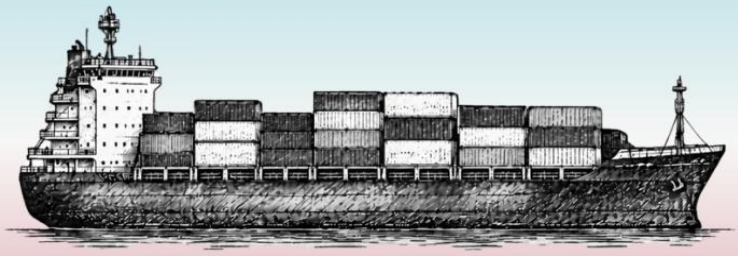
Jorge M. Pérez Metropolitan Center

The American Marketplace at 250

Los Angeles Metropolitan Area Research Report 2026







Contents

Executive Summary 1
Infographic 3
Minority Business Ownership Landscape 5
Firm Scale and Performance 11
Per Employee Metrics 13
Firm-Level Metrics by Ethnicity 15
Per Employee Metrics by Ethnicity 15
Unlocking Minority Business Potential 16
Business Scale Analysis: Size Matters 17

Foreword

The findings in this Los Angeles MSA report reflect what we see every day across Southern California: minority-owned businesses are growing, creating jobs, and contributing meaningful economic value. At the same time, the data make clear that growth in the number of firms is only part of the story. The greater opportunity is helping more of these businesses build capacity, compete for larger opportunities, and achieve sustained scale.

Across Los Angeles and Orange counties, minority-owned employer firms grew by 26.4% from 2018 to 2023. Hispanic-owned employer firms grew by 41.4%, while Black-owned firms grew by 37.6%. Yet in 2023, 84.0% of minority-owned firms had fewer than 10 employees. Minority-owned businesses represented 42.7% of employer firms, but accounted for 24.9% of sales and revenue and 25.6% of payroll. These findings show both real momentum and a significant opportunity to convert entrepreneurial growth into greater economic capacity.

The scale of that opportunity is substantial. The report estimates that minority-owned businesses in the Los Angeles MSA could generate an additional $157.5 billion in revenue and $31.4 billion in payroll if their average outcomes matched those of all employer firms. These figures are not forecasts or guarantees. They illustrate the potential economic value of narrowing persistent differences in business scale and performance.

For SCMSDC, that opportunity is deeply connected to our mission. We work with minority business enterprises to strengthen readiness, capacity, relationships, and access to markets, while partnering with corporations and other institutions to create meaningful pathways to procurement and growth. Through certification, matchmaking, business development, capital-access partnerships, Tier II engagement, and efforts to expand the Corporate Plus pipeline, our focus is not simply on participation. It is helping businesses become stronger, more competitive, and better positioned for long-term success.

It is also important to view this report in the right geographic context. The Los Angeles MSA findings apply specifically to Los Angeles and Orange counties and do not measure SCMSDC's full 13-county Southern California service region. Separate 2024 NMSDC network impact data nevertheless demonstrate the broader economic role of minority business enterprises across our region. These figures are based on a different dataset and geography and are presented to provide broader regional context. SCMSDC-certified MBEs generated $90.5 billion in total production, supported 293,512 jobs, and generated $27.1 billion in wages.

The Los Angeles metropolitan area is the second-largest metropolitan statistical area in the United States by population, with approximately 12.9 million residents in 2024.[1] With a gross regional product (GRP) of approximately $1.4 trillion in 2025,[2] fueled by entertainment, technology, aerospace, and its status as one of the nation's primary logistics hubs (anchored by the Ports of Los Angeles and Long Beach, which were responsible for over 40% of all inbound containers for the United States)[3], the Los Angeles metropolitan area generated an estimated 4.4% of U.S. economic output.[4]

---

[1] U.S. Census Bureau. *American Community Survey 2020-2024 5-Year Estimates, Table DP05: ACS Demographic and Housing Estimates*. Washington, DC: U.S. Census Bureau, 2025

[2] Lightcast. *Developer: Regional Economic Data and Employment Insights*. Moscow, ID: Lightcast, 2025; U.S. Bureau of Economic Analysis. *Gross Domestic Product by County and Metropolitan Area, 2023*. Washington, DC: U.S. Department of Commerce, December 4, 2024.

[3] Los Angeles County Economic Development Corporation, "Trade and Logistics."

[4] Federal Reserve Bank of St. Louis, "Gross Domestic Product (GDP)," *FRED, Federal Reserve Economic Data*, accessed October 5, 2026

Those numbers reinforce why this work matters. The success of minority-owned businesses is not separate from Southern California's economic future. When these firms grow and scale, they create jobs, strengthen supply chains, generate wages and revenue, and expand the region's capacity to compete and prosper. Realizing that potential requires continued commitment from business owners, corporations, financial institutions, public agencies, and business-development organizations to open markets, strengthen capacity, and build the connections that lead to opportunity.

This report gives us both a measure of the progress already underway and a clearer view of the work ahead. At SCMSDC, we are committed to working alongside our MBEs and corporate partners to help more minority-owned businesses move from opportunity to growth, from growth to scale, and from scale to lasting regional impact.

Virginia Gomez

Southern California Minority Supplier Development Council

Executive Summary

Minority-owned employer businesses are playing a growing role in the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area, yet substantial differences in business scale and performance remain. This companion to the comprehensive national report applies the study's principal framework, definitions, and methodology to Los Angeles and Orange counties, hereafter referred to as the Los Angeles MSA. The region has 12.9 million residents and 325,063 employer firms in 2023. [5] The analysis examines both the expanding contribution of minority-owned employer businesses and the economic opportunity associated with enabling more of them to achieve scale.

One in three (33.4%) of the Los Angeles MSA population was foreign-born in 2024.[6] In 2023, approximately 325,000 employer firms generated $886.2 billion in revenue across the MSA. Together, these figures underscore both the region's entrepreneurial scale and the substantial economic benefits that could follow from continued expansion among minority-owned businesses.

Between 2018 and 2023, minority-owned employer businesses grew in number, employment, and payroll, often outpacing the growth of the broader business community. Minority-owned businesses grew by 26.4% during this time, below the 33.6% growth at the national level. Hispanic-owned employer firms increased by 41.4%, while Black-owned firms grew by 37.6%. Both groups expanded at rates substantially above the regional compound annual growth rate of 1.9%, with growth rates of 7.2% and 6.6%, respectively. These gains highlight the growing entrepreneurial activity among historically underrepresented populations and their increasing contribution to the Los Angeles economy.

Yet growth in the number of businesses has not produced comparable economic scale. **Minority-owned firms remain disproportionately concentrated among smaller businesses and continue to generate a smaller share of revenue and payroll than their share of employer firms would suggest.** In 2023, 84.0% of minority-owned firms had fewer than 10 employees. White-owned businesses reported substantially higher average revenue per firm and revenue per employee, underscoring persistent differences in firm size, market reach, and economic capacity.

This represents an economic opportunity for the Los Angeles MSA. **If minority-owned businesses had the same outcomes and opportunities as all employer firms, the economy of the Los Angeles MSA could benefit from an additional $157.5 billion in revenue, $31.4 billion in payroll, and a separate employee-level benchmark of $76.9 billion in additional revenue (at the employee level or employee productivity).** These figures are not forecasts or guarantees of future growth. Rather, they illustrate the magnitude of economic activity that could be unlocked by narrowing persistent differences in business scale and performance.

Opportunities remain to increase the scale, capacity, and economic impact of minority-owned businesses. In 2023, non-Hispanic White residents were 28.2% of the MSA's population, but comprised 55.1% of employer firms. Hispanics made up four in ten LA MSA residents (44.8%) but only 12.8% of employer businesses.

Despite their smaller role in the local economy, minority-owned businesses also showed strong performance across key economic indicators. Black-owned and Hispanic-owned businesses recorded the fastest growth in employment and

[5] The report relies on data for employer firms from the U.S. Census Bureau's Annual Business Survey. This data is only for employer firms that also provided information on the race and ethnicity of owners. Please note that in the Los Angeles area in 2023, 325,063 employer firms indicated the race and ethnicity of their owners, out of 336,814 employer firms.

[6] U.S. Census Bureau, 2024 American Community Survey, 1-Year Estimates

payroll, with employment growing at compound annual rates of 7.9% and 4.2%, respectively, between 2018 and 2023. These trends highlight the increasing economic contribution of minority-owned businesses and their expanding role as job creators within local and regional economies.

When analyzing the firm count by size and accounting for owner groups, the data show that minority-owned firms are especially concentrated at smaller sizes. Among minority-owned firms, 84.0% have fewer than 10 employees, compared with 81.4% among White-owned firms. Employment in White-owned firms was mainly concentrated in firms with 250 or more employees (29.1%). On the other hand, employment in minority-owned firms was primarily in businesses with 10 to 49 employees (37.4%).However, this rapid growth has not yet fully translated into comparable business outcomes. Minority-owned firms continue to operate at a smaller scale and generate lower average revenues, payrolls, and productivity levels than White-owned firms. White-owned businesses reported substantially higher average revenue per firm and revenue per employee, underscoring persistent differences in firm size, market reach, and economic capacity. Overall, the findings point to a story of progress and opportunity for minority-owned firms.

Minority-owned employer firms in the Los Angeles MSA have expanded in number. The next opportunity is to assist more of these firms in achieving a sustainable economic scale. Narrowing the firm-level revenue gap represents an illustrative approximately $157.5 billion annual opportunity, a strong case for increasing their market access, capacity, and regional competitiveness.

From 2018 to 2023, Hispanic-owned employer businesses recorded the fastest growth in the number of employer firms of any major owner group in the Los Angeles MSA.

The data points to the growth and incredible potential of Hispanic-owned firms, including a growth of 41.4% from 2018 to 2023, a compound annual growth rate of 4.2% in employment and 8.3% in payroll from 2018 to 2023.

LOS ANGELES MSA

GEOGRAPHY

The Los Angeles-Long Beach-Anaheim, CA MSA consists of Los Angeles, and Orange Counties in Southern California.

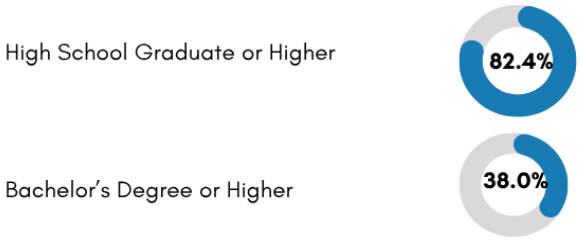
TOTAL POPULATION

(2024): 12,974,487

Hispanic 45.0%	Asian 16.7%
Non-Hispanic White 27.7%	Black 6.0%

EDUCATION

Earnings by Educational Attainment, aged 25 or older (2024)



LABOR FORCE CHARACTERISTICS (2024)

Population 16+	10,617,893
Civilian Labor Force	6,892,747
Unemployed	469,574
Unemployment Rate	6.8%

TOP EMPLOYERS BY JOB POSTINGS

1. Robert Half
2. Providence
3. Kaiser Permanente
4. University of California
5. Allied Universal
6. Aerotek
7. GPAC
8. AppleOne
9. Anduril Industries
10. Starbucks

GROSS REGIONAL PRODUCT (GRP)

2025 GRP

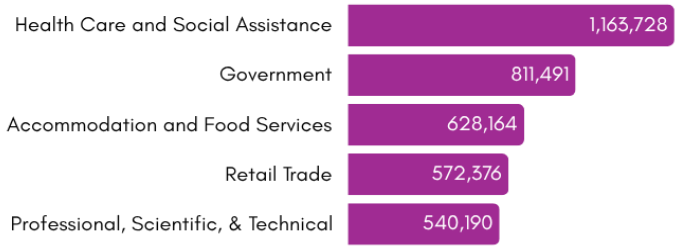
$1.4 trillion

2025 GRP per capita $107,096*

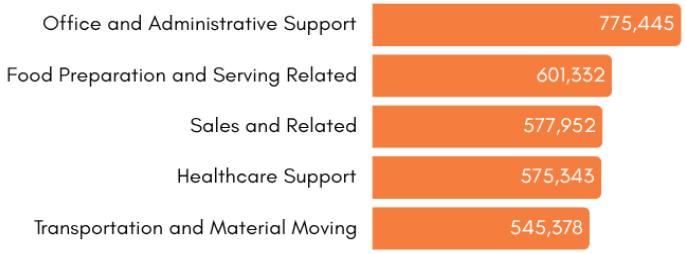
- *GRP per capita was calculated using Lightcast Gross Regional Product and U.S. Census Bureau Annual Estimates of the Resident Population for Metropolitan Statistical Areas in the United States and Puerto Rico: April 1, 2020 to July 1, 2025*

ECONOMIC OPPORTUNITY

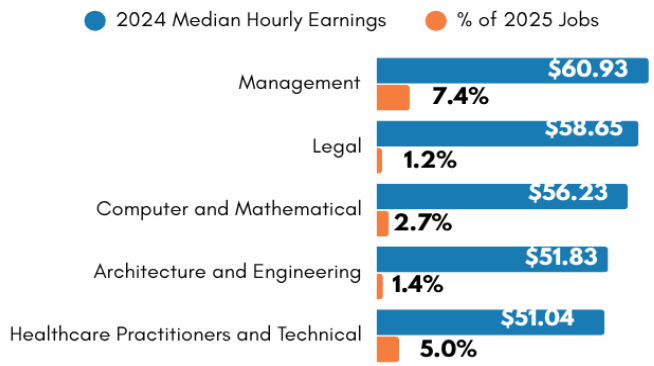
Top Industries by 2025 Jobs



Top Occupations by 2025 Jobs



Occupations by Top 5 2025 Median Hourly Earnings



Sources: U.S. Census Bureau, 2024 American Community Survey 5-Year Estimates, Lightcast Data Set; Annual Estimates of the Resident Population for Metropolitan Statistical Areas in the United States and Puerto Rico: April 1, 2020 to July 1, 2025 (CBSA-MET-EST2025-POP)

LOS ANGELES MSA

BUSINESS STATISTICS

Total # of Employer Firms: **325,063**
Total Employment: **2,953,363**
Total Annual Payroll ($1,000): **$183,962,551**
Total Sales and Revenue ($1,000): **$886,175,429**
Average Firm Size: **9.1 employees**

EMPLOYER FIRMS BY RACE/ETHNICITY OF OWNERS (2023)*

Hispanic 12.8%
Non-Hispanic White 55.1%
Black 2.7%
Asian 27.2%

FIRM-LEVEL METRICS

Overall Employment and Employment Share by Race and Ethnicity (2023)

All Firms	2,953,363	100.0%
White-Owned (non-Hispanic White)	1,898,456	64.3%
Minority-Owned	992,611	33.6%
Asian-Owned	600,633	20.3%
Hispanic-Owned	308,208	10.4%
Black/African-American-Owned	72,255	2.4%

Overall Payroll and Payroll Share by Race and Ethnicity (in Billions) (2023)

All Firms	$184.0	100.0%
White-Owned (non-Hispanic White)	$133.5	72.6%
Minority-Owned	$47.2	25.6%
Asian-Owned	$28.8	15.6%
Hispanic-Owned	$13.8	7.5%
Black/African-American-Owned	$3.9	2.1%

Potential Payroll Gains (in Billions) (2023)

Minority-Owned	$31.4
Asian-Owned	$21.3
Hispanic-Owned	$9.7
Black/African-American-Owned	$1.0

REVENUE

Average Revenue per Firm by Race and Ethnicity (2023)

All Firms	$2,726,165
White-Owned (non-Hispanic White)	$3,628,870
Minority-Owned	$1,591,547
Asian-Owned	$1,716,823
Hispanic-Owned	$1,333,645
Black/African-American-Owned	$1,352,226

White-owned firms had 2.7x average revenue of Hispanic and Black-owned firms

Potential Revenue Gains (in Billions) (2023)

Minority-Owned	$157.5
Asian-Owned	$89.3
Hispanic-Owned	$57.8
Black/African-American-Owned	$11.9

The economy would benefit greatly if minority-owned firms had the same average revenues as all firms as shown in the potential revenue gains that would result.***

**Percentages may exceed 100 as race and ethnicity of business owners is asked in separate questions in the Annual Business Survey.*
***Data is displayed for the four largest groups in terms of the total population and total number of employer-owned businesses. Data for minority-owned firms is identified as a separate category by the U.S. Census Bureau and is lower than summing the values of the different sub categories as Hispanic-owned businesses may include firms owned by Black and other Hispanic groups.*
****Revenue Gains=(average revenue for all firms - average revenue per firm for a group)* total number of firms for a group.*

Sources: U.S. Census Bureau, 2023 Annual Business Survey

Minority Business Ownership Landscape

This section establishes a baseline for assessing progress and gaps in minority business ownership across the Los Angeles MSA by owners' race and ethnicity. It uses U.S. Census Bureau owner-group data and defines minority-owned employer firms as for-profit businesses with at least 51% minority ownership. For purposes of this report, a minority-owned business is a for-profit business whose owners are of "any race and ethnicity combination other than non-Hispanic and White." [7] The analysis then compares firm counts, employment, payroll, and revenue across owner groups.

This section documents substantial growth among minority-owned businesses. Although business-ownership disparities persist, the number of minority-owned employer firms in the Los Angeles MSA increased by 26.4% from 2018 to 2023. Employment at minority-owned businesses increased from 2019 to 2020, from 2021 to 2022, and from 2022 to 2023, although the full period also included declines. The data illustrate the contributions of different minority-owned business groups in revenue, employment, and firm count. For example, Asian-owned firms in the Los Angeles MSA accounted for one in five jobs, compared with 8.4% nationally.

The report uses the U.S. Census Bureau's owner groups: White, non-Hispanic; Asian-owned; Hispanic-owned; Black/African American-owned; American Indian/Alaska Native-owned; Native Hawaiian/Pacific Islander-owned; equally minority/non-minority-owned; and combined minority-owned firms, defined as firms not majority-owned by non-Hispanic White owners.[8] Because the Census Bureau collects race and Hispanic ethnicity separately, categories may overlap; for example, an owner may identify as both Hispanic and a racial minority. Individual racial and ethnic owner-group totals therefore should not be summed, because doing so may double-count firms.[9] Throughout this report, Census Bureau definitions are used consistently. The analysis covers employer firms—not all firms or all small businesses—and, in most sections, includes only firms that reported owners' race and ethnicity. Accordingly, these totals differ from counts of all employer firms. In the Los Angeles area in 2023, 325,063 of 336,814 employer firms reported owners' race and ethnicity. See the Overview and Appendix methodology sections of the national report for additional information on sources, business types, definitions, and metrics.

Race and ethnicity categories in the Annual Business Survey are self-reported by respondents and follow Census Bureau standards. The ACS denominators and ABS ownership categories are based on the same Census Bureau race and ethnicity framework derived from Office of Management and Budget (OMB) standards and are therefore broadly comparable. See Appendix C in the national report for additional methodological details.[10,11]In both surveys, Hispanic or Latino origin is treated as an ethnicity rather than a race and may overlap with racial classifications. To improve comparability and minimize overlap, ACS population denominators were drawn from the non-Hispanic race categories in Table DP05 wherever possible. While the ABS reports a separate Hispanic-owned business category, some ABS racial ownership categories may include individuals who also identify as Hispanic. Accordingly, representation ratios should be interpreted as comparable measures of

[7] United States Census Bureau. "Census Bureau Releases New Data on Minority-Owned, Veteran-Owned and Women-Owned Businesses." January 14, 2026.

[8] Hereafter, in text the groups will be referred to as White-owned, Black-owned, Hispanic-owned, American Indian-owned, Native Hawaiian-owned, equally minority/non-minority-owned and minority-owned firms. In tables and figures, these will retain the official category names from their sources except for White, non-Hispanic, which is referred to as non-minority by the U.S. Census Bureau. These are based on self-reported racial and ethnic classifications.

[9] In the tables in the following pages, note that minority-owned is not the sum of all minority group as there may be overlap between Hispanic-owned businesses and other minority-owned businesses identifying with minority racial groups. Also note that adding all values will not produce the total number of firms, payroll, employment, and sales/revenue, as the totals are provided by the U.S. Census Bureau and generally reflect the sum of minority-owned, non-minority-owned/White-owned, and equally minority/non-minority owned firms.

[10] U.S. Census Bureau, "Hispanic or Latino Origin," *American Community Survey*, accessed September 30, 2026.

[11] U.S. Census Bureau, "*Race & Ethnicity One-Pager*."

representation rather than exact one-to-one matches across all racial and ethnic classifications.

By comparing each group's share of the population with its share of employer firms, this section highlights where business ownership is proportionate, overrepresented, or underrepresented relative to the area's demographic makeup. These comparisons help frame the broader economic opportunity: while minority-owned businesses represent a growing and increasingly important part of the Southern California and LA MSA economy, several groups continue to own a smaller share of employer firms than their population share would suggest.

Table 1 shows that given their population size, Whites were overrepresented as business owners (28.2% of the population and 55.1% of businesses), while minority-owned businesses accounted for 42.7% of all employer firms and 67.8% of the population. Asians made up 27.2% of businesses and 16.5% of the population. Hispanic and Black residents were underrepresented as business owners in 2023. The Business Ownership Representation Ratio is obtained by dividing each owner group's share of businesses by their share of the population. This measure highlights differences in business ownership representation relative to population size, with values above 1.0 indicating ownership above their population share for specific owner groups and values below 1.0 suggesting ownership below their population share. The most overrepresented groups had the highest business ownership representation ratio, while those with the lowest ratio were the most underrepresented. Asian Americans and White residents were overrepresented in business, with ratios of 1.65 and 1.96, respectively.[12] The Hispanic community, although almost half of the population, had the lowest ratio of 0.29, as they comprised only 12.8% of businesses.[13]

Table 1: Racial and Ethnic Composition of Total Population, Ownership of Employer Firms, and Business Ownership Representation Ratio in Los Angeles MSA, 2023

Owner Group*	# of Employer Firms	Percent of Businesses	Percent of Population	Ownership Ratio
All Firms	325,063	100.0%		
White, non-Hispanic	179,232	55.14%	28.20%	1.96
Asian	88,488	27.22%	16.50%	1.65
Hispanic	41,531	12.78%	44.80%	0.29
Black/African-American	8,632	2.66%	6.10%	0.44
American Indian/ Alaska Native	4,001	1.23%	0.20%	6.15
Native Hawaiian/ Pacific Islander	894	0.28%	0.20%	1.38
Minority	138,836	42.71%	67.8%	0.63

*Counts for minority-owned businesses have been calculated by the U.S. Census Bureau. These are lower than the counts obtained by adding the different minority owner groups, as the counts for Hispanic businesses may include Black and other minority-owned businesses that are also Hispanic-owned.
**This refers to the sum of the percentages of these minority groups, not all minority-owned groups in the United States. This excludes some other race alone and two or more races.

Source: U.S. Census Bureau, Annual Business Survey, 2023; 2023 American Community Survey, 5-Year Estimates

Another measure of strong entrepreneurial activity is the growth in the number of employer firms. These firms represent ideas that evolved into revenue-generating businesses, and creating local employment opportunities. Although business ownership disparities persist, minority-owned employer firms grew by 26.4% in the Los Angeles MSA since 2018. In fact, the data point to a strong growth trajectory in the total number of Black and Hispanic-owned firms. The number of Black-owned firms increased by 37.6% from 2018 to 2023 (below the national rate of 61.3%). Hispanic-owned firms increased from 2018 to 2023 by 41.4% (lower than the national rate of 49.5%).

[12] See Footnote 8.

[13] Throughout the write-up, the figures will show data for the four major racial and ethnic groups, but the narrative will make references to the groups not displayed. Tables present data for all groups.

Conversely, the number of White-owned firms increased slightly (0.7%) and fared better than the national average (-3.7% decrease in the number of White-owned employer firms from 2018 to 2023). In terms of annual growth, from 2018 to 2023, the number of employer firms increased each year, with the smallest increases from 2021 to 2022 (0.2%) and the largest from 2018 to 2019 and 2019 to 2020 (2.9% and 2.5%, respectively). For example, from 2018 to 2019, the number of Black-owned firms grew by 14.8% (Figure 1).

Another measure of the growing entrepreneurial potential is the compound annual growth rate across four metrics: total number of firms, total employment, total payroll, and total sales and revenue. Compound Annual Growth Rate (CAGR) is the average annual growth rate over a specific time frame, from the beginning to the end; in this case, in the number of employer firms, from 2018 to 2023. The CAGR shows strong growth in minority-owned businesses (4.8%), particularly in Hispanic-owned businesses (7.2%) and Black-owned firms (6.6%).

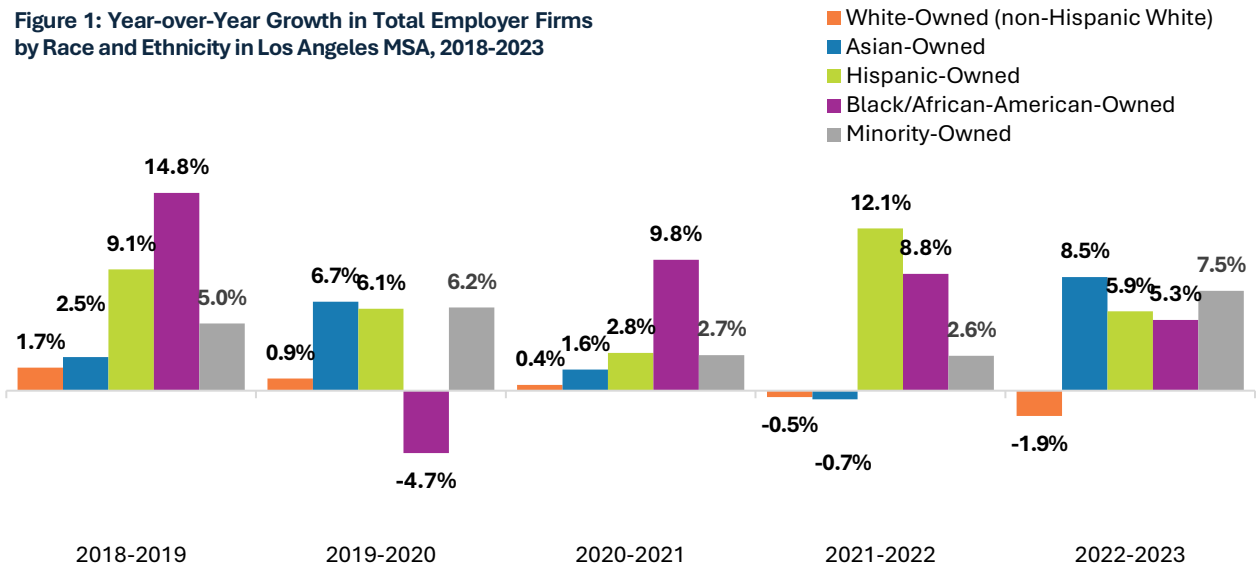
Small and minority-owned businesses contribute to the economy by generating revenue and creating employment opportunities. Table 2 shows that in the Los Angeles MSA, employer firms accounted for 2,953,363 jobs in 2023, and White-owned businesses accounted for 1,898,456 jobs (64.3%). This is lower than the national employment composition, in which 8 in 10 were employed in White-owned businesses (81.2%). Hispanic-owned firms made up one in ten jobs (10.4%), and Black-owned businesses made up 2.4% of employment. Together, American Indian and Native Hawaiian firms accounted for 1% of employment in 2023. In the Los Angeles MSA, Asian-owned firms were a significant force as employers, accounting for 1 in 5 jobs (20.3%), compared with 8.4% nationally.

Table 2: Total Employment by Race and Ethnicity in the Los Angeles MSA (2023) and Compound Annual Growth Rates, 2018-2023

Owner Group	Total Employment	Percent of Employment	CAGR 2018-23
All Firms	2,953,363	100.0%	1.1%
White, non-Hispanic	1,898,456	64.3%	1.2%
Asian	600,633	20.3%	-0.8%
Hispanic	308,208	10.4%	4.2%
Black/African-American	72,255	2.4%	7.9%
American Indian/Alaska Native*	24,074	0.8%	*
Native Hawaiian/Pacific Islander*	6,628	0.2%	*
Equally minority/non-minority	62,295	2.1%	-1.8%
Minority	992,611	33.6%	1.1%

*Exact numbers are not reported for these groups; therefore, compound annual growth rates cannot be calculated.
Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Figure 1: Year-over-Year Growth in Total Employer Firms by Race and Ethnicity in Los Angeles MSA, 2018-2023

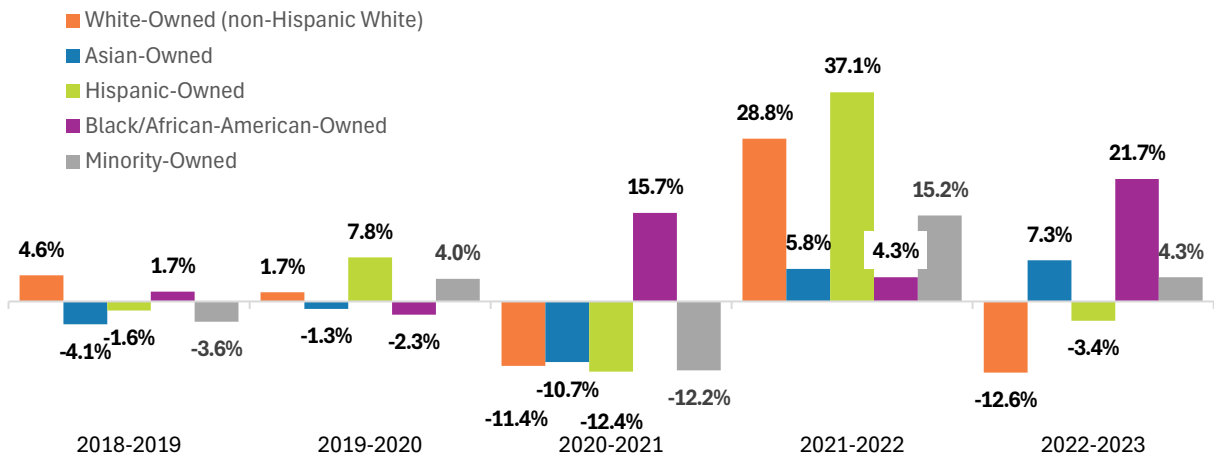


Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

From 2018 to 2023, employment at employer firms in the Los Angeles MSA grew at a compound annual growth rate of 1.1%. Hispanic-owned and Black-owned businesses surpassed the overall rate, with compound annual growth rates of 4.2% and 7.9%, respectively; both also exceeded the 1.2% rate for White-owned firms. Employment at Asian-owned firms declined at a compound annual rate of 0.8%.

Beyond employment share, changes over time help show the impact of the COVID-19 pandemic on employers. From 2018 to 2019, employment grew by 1.4% across all firms but fell by 3.6% at minority-owned firms. Employment across all firms then decreased by 11.2% from 2020 to 2021. From 2021 to 2022, employment rebounded by 24.3% across all firms and by 15.2% at minority-owned firms. Over the full 2018–2023 period, employment at both all firms and minority-owned firms grew at a compound annual rate of 1.1% (Figure 2 and Table 2).

Figure 2: Year-over-Year Growth in Total Employment in Employer Firms by Race and Ethnicity in Los Angeles MSA, 2018-2023



Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Total annual payroll is an essential economic-impact metric, reflecting the salaries and wages employer firms pay their employees. Businesses with higher payrolls contribute more directly to household income, consumer spending, and local economic activity. Payroll growth among minority-owned businesses indicates expanding business activity and a capacity to create jobs, raise earnings, and contribute to the area's economic growth.

Table 3 shows that the Black-owned compound growth rate in annual payroll from 2018 to 2023 was the highest rate among all racial/ethnic groups, and more than double the rate of White-owned and all firms. Despite this growth, White-owned businesses continued to make up the largest share of total annual payroll in 2023 (72.6% or $133.5 billion), while Asian firms accounted for 15.6%, followed by Hispanic-owned firms (7.5%) and Black-owned businesses (2.1%). Table 3 shows that minority-owned businesses recorded strong payroll growth from 2018 to 2023 with a compound annual growth rate of 5.5% (lower than the national CAGR in this metric for minority-owned firms of 8.8%). This is higher than the compound growth rate for all LA MSA employer firms of 5.1%. Hispanic-owned and Black-owned firms had compound annual growth rates of 8.3% and 11.7%.[14]

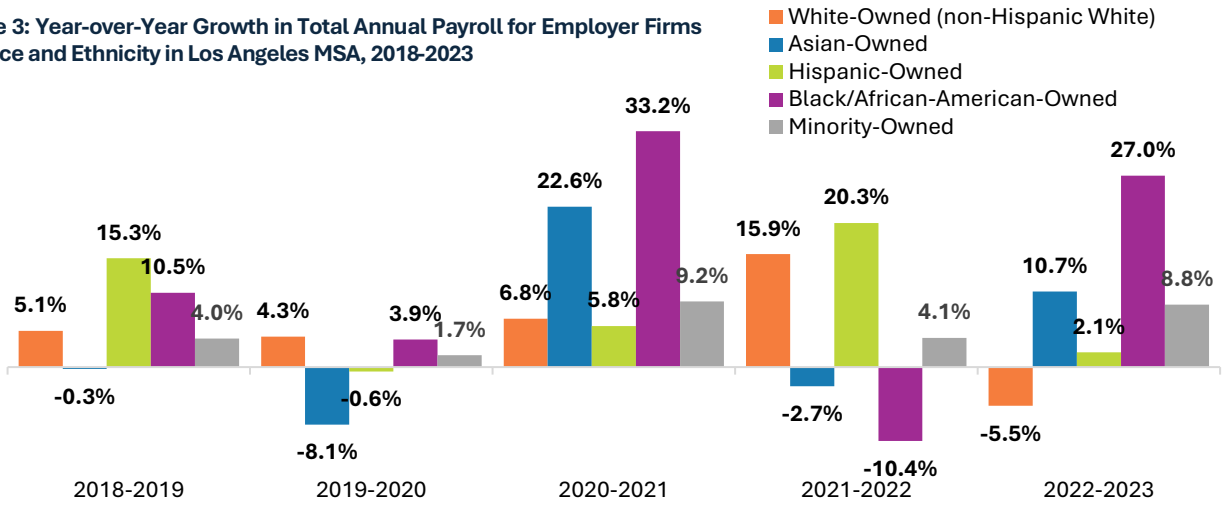
Figure 3 shows that year-over-year total annual payroll continued to increase from 2018 to 2023 for most groups despite the pandemic. Overall, total annual payroll increased year over year from 2018 to 2022 but decreased from 2022 to 2023 (-2.7%), with the greatest year-over-year growth in total annual payroll occurring between 2021 and 2022 (13.2%). Minority-owned firms grew steadily throughout this period, with the greatest year-over-year growth from 2020 to 2021 (9.2%). Hispanic-owned firms increased their total annual payroll in most years except from 2019 to 2020, when it fell by -0.6%.

Table 3: Total Payroll ($Billions) by Race and Ethnicity in Los Angeles MSA (2023) and Compound Annual Growth Rates, 2018-2023

Owner Group	Total Payroll	Percent of Payroll	CAGR 2018-2023
All Firms	$184.0	100.0%	5.1%
White, non-Hispanic	$133.5	72.6%	5.1%
Asian	$28.8	15.6%	3.9%
Hispanic	$13.8	7.5%	8.3%
Black/African-American	$3.9	2.1%	11.7%
American Indian/Alaska Native	$1.1	0.6%	*
Native Hawaiian/Pacific Islander	$0.4	0.2%	*
Equally minority/non-minority	$3.3	1.8%	-0.4%
Minority	$47.2	25.6%	5.5%

*Exact numbers are not reported for these groups; therefore, compound annual growth rates cannot be calculated.
Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Figure 3: Year-over-Year Growth in Total Annual Payroll for Employer Firms by Race and Ethnicity in Los Angeles MSA, 2018-2023



Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

[14] The U.S. Census Bureau reports total payroll and revenue in thousands of dollars. To present these amounts in billions, the reported values were divided by 1,000,000. Because the converted values are rounded, they may differ slightly from calculations based on unrounded source data.

Sales and revenue figures show both the scale of employer businesses in the Los Angeles MSA and how that economic activity is distributed across owner groups. Table 4 shows that, in 2023, employer businesses generated approximately $886.2 billion ($886,175,429,000) in sales and revenue. Because the U.S. Census Bureau's Annual Business Survey reported MSA-level sales and revenue only for 2022 and 2023, compound annual growth rates could not be calculated. Instead, the data compare total sales and revenue over this one-year period. White-owned firms had the largest share of revenue in 2023 (73.4%, compared with 86.9% nationally), followed by Asian-owned firms (17.1%, compared with 6.4% nationally), Hispanic-owned firms (6.3%, compared with 3.9% nationally), and Black-owned firms (1.3% at both the MSA and national levels).

Analyzing revenue by owner group provides insight into the economic scale and impact of different business communities. The time series data point to decreases for all firms (-6.1%) and for minority-owned firms (-9.1%). American Indian-owned and Native Hawaiian-owned firms were the only minority-owned groups whose total sales and revenue increased from 2022 to 2023.

Table 4: Total Sales and Revenue ($Billions) by Race and Ethnicity in Los Angeles MSA, 2022-2023

Owner Group	2022	2023	Percent Change	Percent of Sales and Revenue (2023)
All Firms	$943.5	$886.2	-6.1%	100.0%
White, non-Hispanic	$680.1	$650.4	-4.4%	73.4%
Asian	$165.1	$151.9	-8.0%	17.1%
Hispanic	$63.7	$55.4	-13.1%	6.3%
Black/African-American	$11.8	$11.7	-1.1%	1.3%
American Indian/ Alaska Native	$3.1	$3.7	19.6%	0.4%
Native Hawaiian/ Pacific Islander	$1.9	$2.2	11.6%	0.2%
Equally minority/ non-minority	$20.3	$14.8	-27.1%	1.7%
Minority	$243.1	$221.0	-9.1%	24.9%

Source: U.S. Census Bureau, Annual Business Survey, 2022-2023

As described in the previous sections, compound annual growth rates varied from 2018 to 2023 by owner group for the different metrics, including the number of firms, number of employees, and total payroll. For quick comparison and simplicity, Table 5 displays the compound annual growth rates for these metrics for all firms and by the race and ethnicity of owners. The data show that minority-owned businesses overall experienced stable annual growth in their count, total employment and total annual payroll. Asian-owned firms experienced a decrease in employment as reflected by their negative compound annual growth rate (-0.8%) as did equally minority/non-minority-Owned firms (-1.8%). Black-owned firms had the highest compound annual growth rate in total payroll (11.7%), followed by Hispanic-owned firms (8.3%). This points to the growth and resilience of minority-owned firms and their increasing contribution to payroll in the Los Angeles MSA.

Table 5: Compound Annual Growth Rates by Race and Ethnicity in Los Angeles MSA, 2018-2023*

Owner Group	Count	Employees	Payroll
All Firms	1.9%	1.1%	5.1%
White, non-Hispanic	0.1%	1.2%	5.1%
Asian	3.7%	-0.8%	3.9%
Hispanic	7.2%	4.2%	8.3%
Black/African-American	6.6%	7.9%	11.7%
Equally minority/non-minority	-3.1%	-1.8%	-0.4%
Minority	4.8%	1.1%	5.5%

*Due to missing data or information provided in ranges for privacy, CAGR cannot be calculated for American Indian/Alaska Native-owned and Native Hawaiian-owned firms. CAGR was not calculated for sales and revenue because the U.S. Census Bureau did not report data for this metric at the MSA level before 2022.

Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Firm Scale and Performance

Firm-level measures are essential for understanding the operating scale, economic capacity, and performance of businesses across owner groups. Average firm size, payroll, revenue, and productivity account for differences in the number and size of businesses and provide a clearer picture of their operating capacity and economic impact. Although earlier sections documented rapid growth among minority-owned businesses in firm count, employment, and payroll, these averages show that minority-owned firms generally operate at a smaller scale than White-owned firms. In 2023, average payroll per firm was $565,929. White-owned firms had the highest average payroll per firm ($744,951), while minority-owned firms averaged $339,800. Average annual payroll per White-owned firm was 1.7 times that of a Black-owned firm ($447,082). Average sales and revenue per White-owned firm ($3,628,870) was 2.7 times that of a Black-owned firm ($1,352,226).[15]

In the Los Angeles MSA in 2023, employer businesses were generally small, with an average of 9.1 employees (slightly lower than the national average employer firm size of 11.6 employees). White-owned businesses were slightly larger than other groups (10.6 employees compared to 7.1 for minority-owned businesses, 6.8 for Asian-owned, 8.4 for Black-owned, and 7.4 for Hispanic-owned firms). Table 6 displays firm-level metrics: average size, average payroll, and average sales and revenue, and points to the smaller firm size and lower average payroll and sales per firm of minority-owned firms compared to White-owned firms. Minority-owned firms had 7.1 employees on average, an average annual payroll of $339,800, and average sales and revenue of $1,591,547. White-owned firms had an average size of 10.6, an average payroll of $744,951, and average sales and revenue of $3,628,870.

Firms at the national level were larger overall than Los Angeles MSA firms (11.6 employees per firm at the national level compared to 9.1 for the Los Angeles MSA). This is also true of each owner group compared to their size at the national level. Whereas minority-owned firms averaged 8.2 employees nationally, their average size was 7.1 in the Los Angeles MSA. White-owned firms averaged 12.8 and 10.6 at the national and Los Angeles MSA levels, respectively. Hispanic-owned firms averaged 7.7 employees nationally and 7.4 at the MSA level, while Black-owned businesses averaged 9.3 and 8.4 at the national and MSA levels, respectively. At the national level, firms also had a higher average payroll per firm of $639,046 than $565,929 at the Los Angeles MSA level. Overall, at the national level, the average sales and revenue were $3,253,179 compared to $2,726,165 for the Los Angeles MSA. **This pattern does not hold for minority-owned firms, which averaged $1,591,547 in the Los Angeles MSA compared to $1,583,955 nationally.**

Table 6: Firm-Level Performance Metrics by Race and Ethnicity in Los Angeles MSA, 2023

Owner Group	Average Firm Size	Average Payroll per Firm	Average Sales and Revenue per Firm
All Firms	9.1	$565,929	$2,726,165
White, non-Hispanic	10.6	$744,951	$3,628,870
Asian	6.8	$325,336	$1,716,823
Hispanic	7.4	$332,208	$1,333,645
Black/African-American	8.4	$447,082	$1,352,226
American Indian/ Alaska Native	6.0	$285,384	$923,705
Native Hawaiian/ Pacific Islander	7.4	$425,077	$2,420,223
Equally minority/ non-minority	8.9	$467,062	$2,116,045
Minority	7.1	$339,800	$1,591,547

Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 7 shows the year-over-year changes in average firm size among employer firms by the owner's race and ethnicity and points to decreases in the average size of all firms in most years except 2021 to 2022. White-owned firms experienced their largest decrease from 2020 to 2021 (-11.8% compared to the national rate of -4.6%), while the average size of Black-owned firms increased by 5.4% from 2020 to 2021 (compared to -6.8% nationally). Black-owned firms also had the highest increase in firm size from

[15] Because the U.S. Census Bureau reports payroll and sales and revenue in thousands of dollars, the figures were converted to dollars before calculating per-firm and per-employee averages. The resulting averages may differ slightly from calculations based on unrounded source data.

2022 to 2023 (15.6%). Hispanic-owned firms fluctuated in size during this period, with a sharp increase (22.3%) from 2021 to 2022. Interestingly, from 2020 to 2021, most firms experienced dramatic decreases in firm size, including minority-owned and White-owned firms.

Table 7: Year-over-Year Growth in Average Firm Size by Race and Ethnicity in Los Angeles MSA, 2018-2023

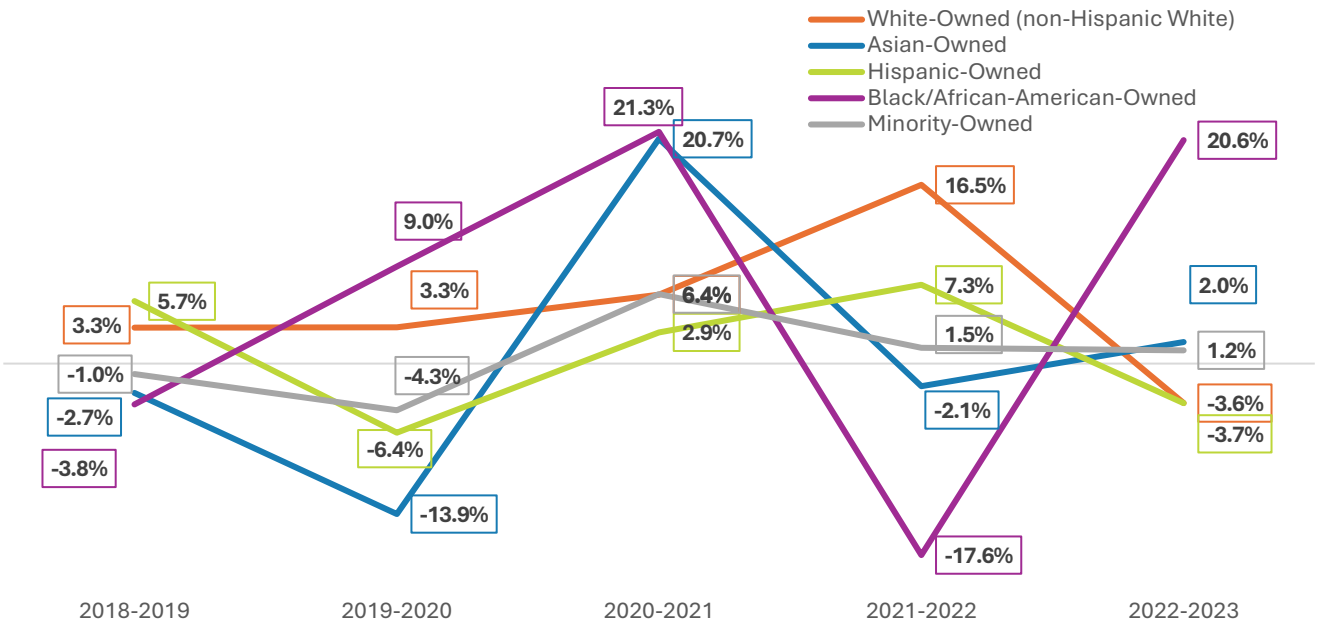
Owner Group	2018-19	2019-20	2020-21	2021-22	2022-23
All Firms	-1.5%	-0.3%	-13.0%	24.1%	-9.4%
White, non-Hispanic	2.8%	0.7%	-11.8%	29.5%	-10.9%
Asian	-6.4%	-7.5%	-12.1%	6.5%	-1.1%
Hispanic	-9.8%	1.6%	-14.9%	22.3%	-8.8%
Black/African-American	-11.4%	2.5%	5.4%	-4.1%	15.6%
American Indian/ Alaska Native	*	10.5%	-21.9%	105.5%**	-19.1%
Native Hawaiian/ Pacific Islander	*	*	*	80.0%	2.8%
Equally minority/ non-minority	-15.2%	8.5%	-13.4%	53.7%	-12.9%
Minority	-8.2%	-2.1%	-14.5%	12.3%	-3.0%

*Data suppressed by U.S. Census Bureau.
**Smaller categories may show large percentage swings because of smaller base sizes or suppressed/ranged data.
Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Average payroll per firm indicates the scale of business operations and the resources available to support employees. In 2023, average payroll per firm in the Los Angeles MSA was $565,929 and varied substantially by owners' race and ethnicity. White-owned firms had the highest average payroll, at $744,951, while minority-owned firms averaged $339,800. Equally minority/non-minority-owned firms averaged $467,062, above the minority-owned average; Asian-owned firms averaged $325,336. Average payroll per firm at White-owned businesses was 2.2 times that of Hispanic-owned firms and 1.7 times that of Black-owned firms.

Figure 4 shows that the average payroll per firm decreased for all owner groups except White-owned and Black-owned firms from 2019 to 2020. Year-over-year growth remained positive for White and Hispanic-owned firms from 2020 to 2022. Meanwhile, Asian-owned businesses saw a 2.1% decline in average payroll per firm from 2021 to 2022. Black-owned businesses experienced a sharp decrease of 17.6% in that year. Black-owned firms saw the greatest year-over-year growth in average payroll per firm, rising 21.3% from 2020 to 2021.

Figure 4: Year-over-Year Growth in Average Payroll per Firm by Race and Ethnicity in Los Angeles MSA, 2018-2023



Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Average revenue per firm provides insight into the scale, market reach, and economic capacity of businesses. Examining revenue on a per-firm basis helps explain differences in business performance while accounting for differences in the number of firms across groups. In 2023, average revenue per firm in the Los Angeles MSA was $2,726,165, substantially lower than the national average of $3,253,179. White-owned firms had the highest average revenue per firm, at $3,628,870, compared with $1,591,547 for minority-owned businesses overall. Average revenue per White-owned firm was 2.7 times that of Black-owned firms ($1,352,226) and Hispanic-owned firms ($1,333,645). Table 8 shows that, from 2022 to 2023, average revenue per minority-owned firm decreased by 15.4%, with particularly sharp declines for equally minority/non-minority-owned firms (-21.2%), Hispanic-owned firms (-18.0%), and Asian-owned firms (-15.2%).

Table 8: Average Revenue Per Firm by Race and Ethnicity in Los Angeles MSA, 2022-2023

Owner Group	2022	2023	Percent Change
All Firms	$2,954,084	$2,726,165	-7.7%
White, non-Hispanic	$3,723,047	$3,628,870	-2.5%
Asian	$2,024,117	$1,716,823	-15.2%
Hispanic	$1,626,224	$1,333,645	-18.0%
Black/African-American	$1,439,207	$1,352,226	-6.0%
American Indian/Alaska Native	$1,145,640	$923,705	-19.4%
Native Hawaiian/Pacific Islander	$2,405,759	$2,420,223	0.6%
Equally minority/non-minority	$2,685,720	$2,116,045	-21.2%
Minority	$1,882,266	$1,591,547	-15.4%

Source: U.S. Census Bureau, Annual Business Survey, 2022-2023

Per Employee Metrics

The Los Angeles MSA had higher employee-level performance metrics than the national average. This holds true for all firms, White-owned firms, and minority-owned firms. Nationally, employer firms average $55,132 in payroll per employee compared to $62,289 for the Los Angeles MSA. White-owned firms averaged $57,707 nationally compared to $70,330 for this metric. Minority-owned firms averaged $43,032 nationally and $47,528 locally in payroll per employee in 2023. The same patterns hold for average sales and revenue per employee. Whereas the average revenue per employee for all firms nationally is $280,661, it is $300,056 in the Los Angeles MSA. Minority-owned firms average $193,513 nationally for this metric, compared to $222,609 at the MSA level.

Table 9: Per Employee Performance Metrics by Race and Ethnicity in Los Angeles MSA, 2023

Owner Group	Average Payroll per Employee	Average Sales and Revenue per Employee
All Firms	$62,289	$300,056
White, non-Hispanic	$70,330	$342,599
Asian	$47,930	$252,930
Hispanic	$44,765	$179,709
Black/African-American	$53,411	$161,545
American Indian/Alaska Native	$47,430	$153,516
Native Hawaiian/Pacific Islander	$57,335	$326,445
Equally minority/non-minority	$52,446	$237,607
Minority	$47,528	$222,609

Source: U.S. Census Bureau, Annual Business Survey, 2023

Average payroll per employee is a key indicator of worker earnings, labor investment, and economic value of businesses. Table 9 shows that in 2023, the overall average payroll per employee in the Los Angeles MSA was $62,289. These levels were higher for White-owned firms ($70,330 compared to $57,707 at the national level) than for minority-owned businesses ($47,528 compared to $43,032 at the national level) and for equally minority/non-minority-owned firms ($52,446 compared to $55,695 at the national level). Black-owned firms had higher average payroll per employee ($53,411) than Asian- or Hispanic-owned firms. As a result, the gap in average payroll per employee in Black-owned

firms in the Los Angeles MSA is narrower than the national gap. At the national level, the average payroll per employee was 1.5 times higher for White-owned businesses than Black-owned, compared to 1.3 times in the Los Angeles MSA.

Table 10 shows year-over-year changes in the average payroll per employee, pointing to fluctuations in average payroll per employee, with increases for all firms in most years and decreases from 2021 to 2022. Payroll per employee decreased for minority-owned businesses from 2019 to 2020 and from 2021 to 2022, with sharp growth from 2020 to 2021 (24.4%).

Table 10: Year-over-Year Growth in Average Payroll per Employee by Race and Ethnicity in Los Angeles MSA, 2018-2023

Owner Group	2018-19	2019-20	2020-21	2021-22	2022-23
All Firms	2.8%	1.0%	21.8%	-9.0%	5.5%
White, non-Hispanic	0.5%	2.6%	20.6%	-10.0%	8.2%
Asian	3.9%	-6.9%	37.3%	-8.0%	3.2%
Hispanic	17.2%	-7.8%	20.8%	-12.3%	5.7%
Black/African-American	8.6%	6.3%	15.2%	-14.1%	4.3%
American Indian/ Alaska Native	*	-21.1%	38.2%	-11.1%	25.0%
Native Hawaiian/ Pacific Islander	*	*	*	-20.0%	2.8%
Equally minority/non-minority	-6.5%	-9.9%	36.8%	1.6%	-8.4%
Minority	7.9%	-2.3%	24.4%	-9.6%	4.3%

*Data suppressed or presented as range by U.S. Census Bureau.
Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

From 2018 to 2023, the greatest year-over-year growth for all firms was from 2020-2021 (21.8% growth for all firms), with Asian-owned firms experiencing the greatest increases in average payroll per employee of the four largest racial/ethnic groups (37.3%). These trends suggest that businesses across owner groups increased compensation levels during the economic recovery, to keep pace with strengthening labor markets and invest more in workers.

Employee productivity is measured as average revenue per employee. Higher revenue per employee generally indicates greater operational efficiency, stronger market performance, and greater capacity to generate economic value. In 2023, average revenue per employee in the Los Angeles MSA was $300,056, above the national average of $280,661. As at the national level, results varied by owners' race and ethnicity. White-owned firms had the highest regional average, at $342,599 per employee, compared with $300,470 nationally. Minority-owned firms averaged $222,609 regionally, compared with $193,513 nationally. In the Los Angeles MSA, White-owned firms generated 2.1 times the revenue per employee of Black-owned firms ($161,545) and 1.9 times that of Hispanic-owned firms ($179,709). The Annual Business Survey collected MSA-level revenue data for employer firms only in 2022 and 2023.

Table 11 shows increased average revenue per employee for all firms from 2022 to 2023 (1.8%), even as revenue per firm declined, reflecting changes in employment and firm size. The overall increase was driven by growth in average sales and revenue for White-owned firms, while minority-owned firms saw a decrease in average sales. The greatest decreases were for Black-owned (-18.7%) and Asian-owned firms (-14.2%).

Table 11: Average Sales and Revenue Per Employee by Race and Ethnicity in Los Angeles MSA, 2022-2023

Owner Group	2022	2023	Change
All Firms	$294,703	$300,056	1.8%
White, non-Hispanic	$313,022	$342,599	9.4%
Asian	$294,783	$252,930	-14.2%
Hispanic	$199,810	$179,709	-10.1%
Black/African-American	$198,753	$161,545	-18.7%
American Indian/Alaska Native	$154,015	$153,516	-0.3%
Native Hawaiian/Pacific Islander	$333,685	$326,445	-2.2%
Equally minority/non-minority	$262,698	$237,607	-9.6%
Minority	$255,476	$222,609	-12.9%

Source: U.S. Census Bureau, Annual Business Survey, 2022-2023

Firm-Level Metrics by Ethnicity

Because the Annual Business Survey collects race and ethnicity separately, it is important to examine business characteristics by ethnicity in addition to race. While the prior analysis explored differences among racial owner groups including Hispanic groups, the analysis by ethnicity provides a more focused understanding of the performance and scale of Hispanic-owned businesses. This distinction matters because individuals may identify with a racial group while also identifying as Hispanic. Table 12 shows that in 2023, non-Hispanic and equally Hispanic/non-Hispanic firms outperformed Hispanic-owned businesses in average firm size, average payroll per firm, and average sales and revenue per firm. The average firm size was smallest for Hispanic-owned firms (7.4 for Hispanic-owned firms compared to 9.4 for equally Hispanic/non-Hispanic and 9.3 for non-Hispanic firms). Non-Hispanic businesses also had higher average payroll per firm ($603,007 compared to $332,208 for Hispanic-owned firms).[16] Non-Hispanic-owned businesses outperformed all other owner groups in average revenue per firm ($2,948,339 compared to $1,333,645 for Hispanic-owned firms).

Table 12: Firm-Level Performance Metrics by Ethnicity in Los Angeles MSA, 2023

Owner Group	Average Firm Size	Average Payroll per Firm	Average Sales and Revenue per Firm
All Firms	9.1	$565,929	$2,726,165
Hispanic	7.4	$332,208	$1,333,645
Equally Hispanic/non-Hispanic	9.4	$415,360	$1,747,104
Non-Hispanic	9.3	$603,007	$2,948,339

Source: U.S. Census Bureau, Annual Business Survey, 2023

Per Employee Metrics by Ethnicity

The average revenue per employee was highest for non-Hispanic firms ($316,077 compared to $179,709 for Hispanic-owned firms). Non-Hispanic-owned firms had the highest average payroll per employee ($64,645 compared to $44,765 for Hispanic-owned firms).

Table 13: Per Employee Performance Metrics by Ethnicity in Los Angeles MSA, 2023

Owner Group	Average Payroll per Employee	Average Sales and Revenue per Employee
All Firms	$62,289	$300,056
Hispanic	$44,765	$179,709
Equally Hispanic/non-Hispanic	$44,095	$185,474
Non-Hispanic	$64,645	$316,077

Source: U.S. Census Bureau, Annual Business Survey, 2023

[16] Totals for the number of equally Hispanic/non-Hispanic-Owned firms in 2018 and 2019 were obtained by subtracting the total number of Hispanic-owned, and non-Hispanic owned firms from all classifiable firms by ethnicity.

Unlocking Minority Business Potential

Minority-owned businesses are large contributors to the Los Angeles area economy and have significant growth potential that can be realized through gains or additional capacity in revenue, employment, and payroll if minority-owned firms operated at the same level as employer firms overall. Examining those differences provides one way to illustrate the additional economic activity that could be generated if minority-owned businesses achieved greater scale. The first two calculations use firm-level benchmarks. For each owner group, the analysis compares average revenue per firm and average payroll per firm with the corresponding averages for all Los Angeles MSA employer firms. The difference is then multiplied by the number of firms in that group.

These estimates are illustrative and not forecasts or projections. They assume that firms within each owner group could achieve the average performance levels observed across all Los Angeles employer firms while the number of firms and employees remained unchanged. The calculations do not control for differences in industry composition, geography, firm age, access to capital, or other factors that may affect business performance. They should therefore be understood as measures of the economic opportunity associated with narrowing existing gaps—not as predictions of future results. The third calculation is an employee-level benchmark or employee productivity.

The opportunity gaps presented in this study are based on differences in average firm performance rather than differences in aggregate business activity. Using data from the U.S. Census Bureau's ABS for employer firms that indicated the race and ethnicity of owners, revenue and payroll values reported in thousands of dollars were first converted into dollar amounts and used to calculate average revenue per firm, average payroll per firm, and revenue per employee for each owner group. These averages were then compared with the corresponding averages for all LA MSA employer firms that provided owner group information to determine the per-unit gap. The resulting gap was multiplied by the number of firms or employees within each owner group to estimate the scale of unrealized economic activity associated with closing the performance gap.

The findings point to substantial opportunities for regional economic activity. Using the firm-level benchmarks, minority-owned businesses could generate approximately $157.5 billion in additional annual revenue and $31.4 billion in additional annual payroll. Using the separate employee-level benchmark, they could generate approximately $76.9 billion in additional annual revenue if their average revenue per employee matched the average across all Los Angeles MSA employer firms.

The firm-level and employee-level revenue opportunities are alternative benchmarks and should not be added together. The firm-level calculation measures the difference in average revenue per business, while the employee-level calculation measures the difference in average revenue generated per worker. Viewed separately, both benchmarks support the same conclusion: minority-owned businesses already contribute substantially to the Los Angeles regional economy, and greater scale and performance could unlock additional economic activity. Table 14 reports the corresponding estimates for each owner group.

Table 14: Revenue and Payroll Opportunity from Closing the Revenue and Payroll Gaps ($Billions) in Los Angeles MSA, 2023

Owner Group	Revenue Opportunity—Firm Level Gap	Payroll Opportunity—Firm Level Gap	Revenue Opportunity—Employee Level Gap
Asian	$89.3	$21.3	$28.3
Hispanic	$57.8	$9.7	$37.1
Black/African-American	$11.9	$1.0	$10.0
American Indian/ Alaska Native	$7.2	$1.1	$3.5
Native Hawaiian/ Pacific Islander	$0.3	$0.1	-$0.2
Equally minority /non-minority	$4.3	$0.7	$3.9
Minority	**$157.5**	**$31.4**	**$76.9**

*Given the lower number of Native Hawaiian/Pacific Islander businesses, the productivity gains are negative because their revenues are higher for their smaller employment size. Source: U.S. Census Bureau, Annual Business Survey, 2023

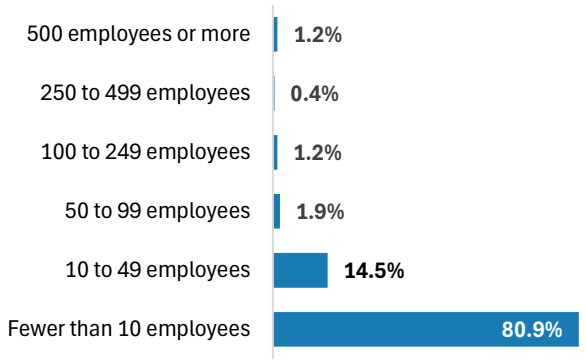
Business Scale Analysis: Size Matters

Business size, or the total number of employees, affects productivity, revenues and sales, market reach, and access to credit and financing. Understanding how firm size differs across all employer firms, White-owned firms, and minority-owned businesses is therefore essential. Although small businesses account for most employer firms in the Los Angeles MSA, their shares of sales and employment are limited. Minority-owned firms are especially concentrated at smaller sizes: 84.0% have fewer than 10 employees, compared with 81.4% of White-owned firms.

The data from the U.S. Census Bureau's Annual Business Survey show that 336,814 firms reported their number of employees. The totals for all firms by size differ from those provided in previous sections (325,063), as this information is by firm size and includes firms that did not specify the race and/or ethnicity of owners, whereas the information from previous sections reflects employer firms that indicated the race/ethnicity of owners. The figures in this section are focused on the data for all employer firms that specified firm size even if they did not indicate owner group. The totals in the tables by race and ethnicity of owners reflect the overall totals (or may vary by 1 firm) for that group, except for Native Hawaiian-owned firms. This owner group has suppressed data or data presented as ranges for the following metrics: payroll, employment, and number of employees by firm size. As such, these calculations have not been displayed for Native Hawaiian-owned firms in the following tables. All percentages reflect total firms for each owner group and may not add up to 100% for a given group, as one or two categories may appear as * in the tables given the data suppression limitations.

Figure 5 shows that 80.9% of Los Angeles-area firms had fewer than 10 employees, compared with 78.5% nationally; another 14.5% had 10 to 49 employees. Despite their prevalence, firms with fewer than 10 employees accounted for only 10.9% of sales and revenue and 12.7% of employment. By contrast, firms with 250 or more employees represented 1.6% of all firms but accounted for 53.4% of employment, 61.8% of payroll, and 65.4% of sales and revenue. Within that group, firms with 500 or more employees represented 1.2% of employer firms and accounted for 56.1% of payroll and 60.2% of sales and revenue. These figures demonstrate the concentration of regional employment and economic output among the largest firms.

Figure 5: Percent of Firms by Employment Size



Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 15: Employer Firms by Size and Owner Group in Los Angeles MSA, 2023

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/ Alaska Native	Equally Minority/ Non minority	Minority
Fewer than 10	81.4%	84.0%	83.7%	87.7%	77.4%	78.4%	84.0%
10 to 49	14.2%	14.4%	14.0%	9.3%	3.9%	19.8%	14.1%
50 to 99	2.1%	1.0%	1.4%	*	*	*	1.1%
100 to 249	1.3%	0.4%	0.8%	*	*	*	0.6%
250 and over	1.1%	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%

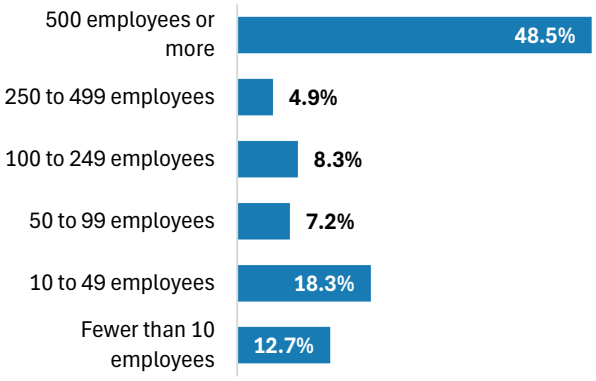
*The number and/or percentage of firms and firm-specific metrics for businesses of certain sizes were suppressed by the U.S. Census Bureau and may appear as *. Source: U.S. Census Bureau, Annual Business Survey, 2023

Minority-owned firms that also provided firm size information totaled 138,835, compared with 179,233 White-owned firms. Table 15 shows that when analyzing the firm count by size and accounting for owner groups, minority-owned firms are especially concentrated at smaller sizes. Among minority-owned firms, 84.0% have fewer than 10 employees, compared with 81.4% among White-owned firms.

Employment data indicate the dominance of the largest firms, with firms employing 250 or more employees accounting for most of total employment (53.4%) despite constituting less than 2% of all firms. This is followed by small businesses with 10 to 49 employees (18.3% of employment). Firms with 500 or more employees made up 48.5% of employment but were only 1.2% of all firms.

Table 16 shows that employment in White-owned firms was mainly concentrated in firms with 250 or more employees (29.1%), while employment in minority-owned firms was primarily in businesses with 10 to 49 employees (37.4%). The same is true for Hispanic-owned and Asian-owned firms (37.2% and 39.3% of employment, respectively).

Figure 6: Percent of Total Employment by Firm Size



Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 16: Employment in Employer Firms by Firm Size and Owner Group in Los Angeles MSA, 2023

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/ Alaska Native	Equally Minority/ Non minority	Minority
Fewer than 10	18.5%	33.0%	29.2%	21.7%	21.8%	24.5%	30.7%
10 to 49	27.8%	39.3%	37.2%	19.8%	20.3%	49.1%	37.4%
50 to 99	11.9%	9.8%	11.4%	*	*	*	10.3%
100 to 249	12.8%	8.3%	11.8%	*	*	*	10.4%
250 and over	29.1%	9.6%	10.4%	22.1%	6.0%	10.3%	11.2%

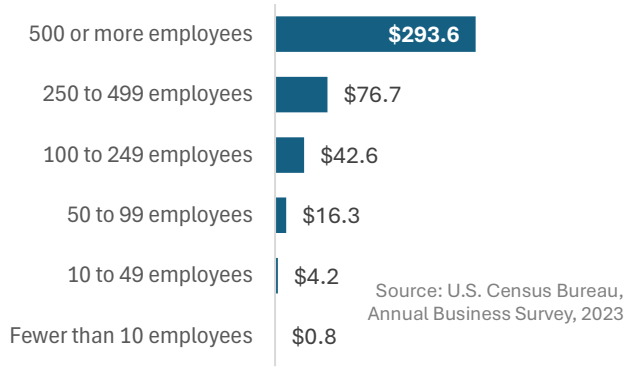
*The number and/or percentage of firms and firm-specific metrics for businesses of certain sizes were suppressed by the U.S. Census Bureau and may appear as *. Source: U.S. Census Bureau, Annual Business Survey, 2023

Large firms dominate economic output and employment even though small firms dominate the business count. Firms with 250 or more employees represented just 1.6% of employer firms in 2023 but accounted for 65.4% of sales and revenue and 53.4% of employment. By comparison, firms with fewer than 10 employees accounted for 10.9% of sales and revenue, and firms with 10 to 49 employees accounted for 10.3%.

Table 17 shows that most sales in minority-owned firms occurred in firms with fewer than 50 employees (69.9%), compared with White-owned firms, where 51.9% of sales were in firms with at least 100 employees.

Figure 7 shows that larger firms also dominate in average sales. Average sales for firms with 250 to 499 employees were $76.7 million, while those for firms with at least 500 employees were $293.6 million. Firms with fewer than 10 employees had average sales and revenue of approximately $806,592.

Figure 7: Average Sales and Revenue per Firm by Employment Size ($Millions)



Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 17: Sales and Revenue in Employer Firms by Firm Size and Owner Group in Los Angeles MSA, 2023

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/ Alaska Native	Equally Minority/ Non minority	Minority
Fewer than 10	19.0%	40.3%	37.0%	45.6%	34.0%	28.0%	39.4%
10 to 49	18.9%	31.3%	29.9%	16.4%	15.0%	30.4%	30.5%
50 to 99	10.2%	7.7%	8.3%	*	*	*	8.0%
100 to 249	18.0%	11.4%	8.8%	*	*	*	11.1%
250 and over	33.9%	9.3%	15.9%	6.9%	3.9%	14.4%	11.0%

*The number and/or percentage of firms and firm-specific metrics for businesses of certain sizes were suppressed by the U.S. Census Bureau and may appear as *. Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 18: Average Sales per Firm, by Firm Size and Owner Group in Los Angeles MSA, 2023 ($Millions)

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/ Alaska Native	Equally Minority/ Non minority	Minority
Fewer than 10	$0.8	$0.8	$0.6	$0.7	$0.4	$0.8	$0.7
10 to 49	$4.8	$3.7	$2.9	$2.4	$3.6	$3.2	$3.5
50 to 99	$18.0	$13.2	$8.1	*	*	*	$11.2
100 to 249	$51.2	$48.1	$15.4	*	*	*	$31.2
250 and over	$112.9	$85.9	$117.6	$53.7	$28.6	$125.8	$88.7

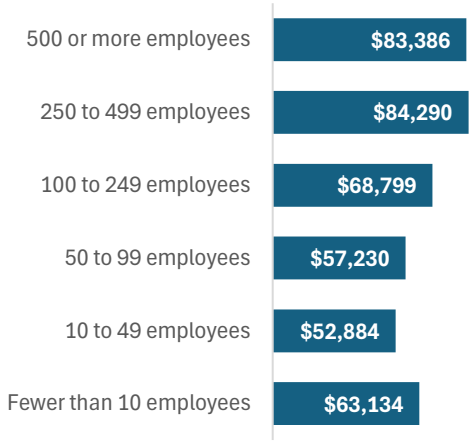
*The number and/or percentage of firms and firm-specific metrics for businesses of certain sizes were suppressed by the U.S. Census Bureau and may appear as *. Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 18 shows that the largest firms had the highest average sales for each owner group but with sharp differences between White-owned and minority-owned firms. Whereas the average sales for White-owned firms with 250 or more employees were $112.9 million, it was $88.7 million in average sales and revenue for similarly sized minority-owned firms. The average sales and revenue per firm for minority-owned firms rose from $746,405 for firms with fewer than 10 employees to $88.7 million in the 250-and-over group, compared with $847,764 and $112.9 million for White-owned firms. Therefore, ownership differences should be viewed by firm size. Minority-owned firms are more concentrated among small employers, which affects their shares of sales, employment, and payroll. Conversely, large employers account for a disproportionate share of economic activity across all owner groups.

Figure 8 displays the average payroll by firm size and highlights the strength of larger firms. Firms with at least 500 employees had an average payroll per employee of $83,386 compared with $63,134 for firms with fewer than 10 employees.

Table 19 shows that average payroll per employee in White-owned firms with 250 or more employees was $79,016. The average payroll per employee at similarly sized minority-owned firms was $51,302. Among minority-owned firms, Hispanic-owned firms with 250 or more employees had the highest average payroll per employee in that firm size group ($59,772).

Figure 8: Average Payroll per Employee by Employment Size



Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 19: Average Payroll per Employee by Firm Size and Owner Group in Los Angeles MSA, 2023

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/ Alaska Native	Equally Minority/ Non minority	Minority
Fewer than 10	$74,833	$47,647	$46,777	$85,932	$49,969	$55,564	$49,521
10 to 49	$59,432	$43,480	$41,402	$47,066	$39,682	$48,004	$43,617
50 to 99	$60,349	$46,935	$39,650	*	*	*	$44,603
100 to 249	$77,001	$64,375	$42,030	*	*	*	$54,479
250 and over	$79,016	$53,996	$59,772	$31,577	$40,939	$61,279	$51,302

*The number and/or percentage of firms and firm-specific metrics for businesses of certain sizes were suppressed by the U.S. Census Bureau and may appear as *. Source: U.S. Census Bureau, Annual Business Survey, 2023